

The logo consists of a red pennant with a white 'W' on a dark blue flag.

# **AWILCO DRILLING**

## **Q4 2018 PRESENTATION**

*Oslo, 13<sup>th</sup> of February 2019*

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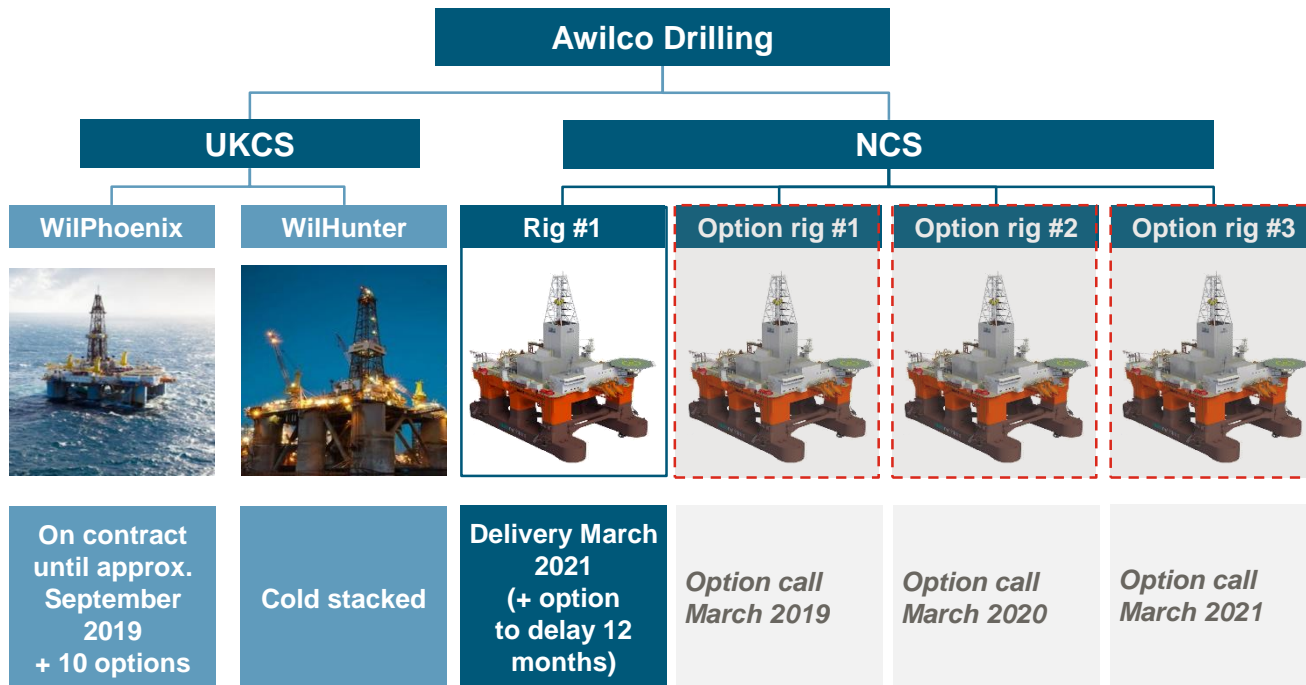


# AGENDA

- 1. Highlights*
- 2. Q4 2018 and preliminary full-year 2018 Financial Results*
- 3. Operational Update*
- 4. Market Outlook*
- 5. Summary*
- 6. Q&A*



# TRANSFORMING THE COMPANY THROUGH A NEWBUILDING PROGRAMME



# THE AWDR CS60 ECO - SETTING A NEW STANDARD

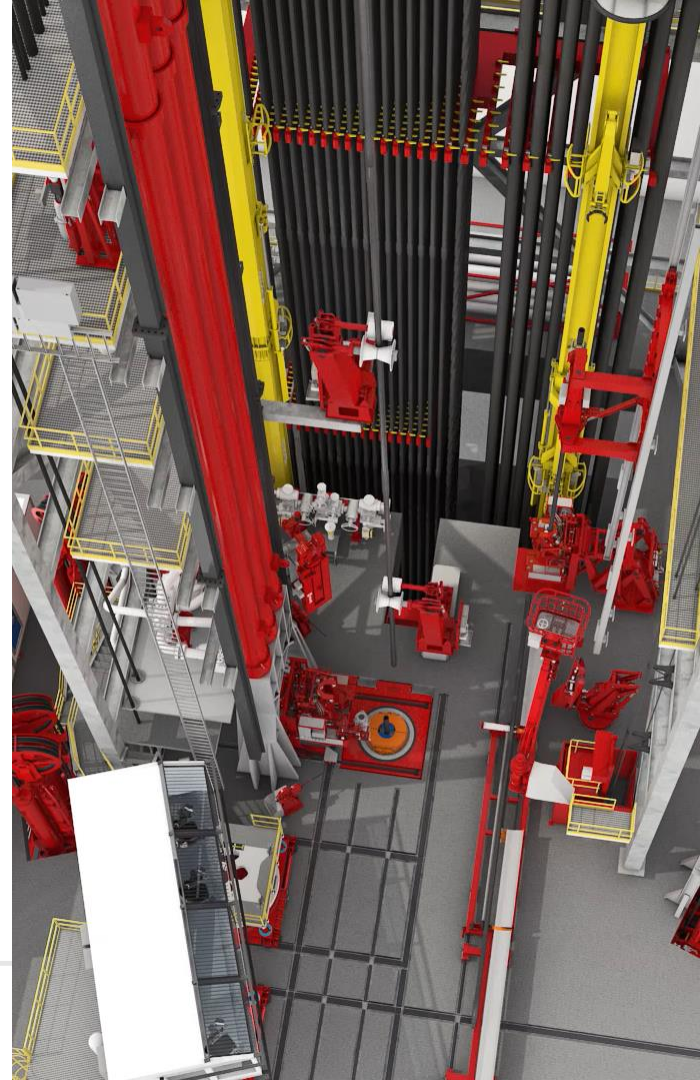
- An evolution of the Moss CS60 Design, tailored specifically for mid-water Harsh Environment – **delivering Superior Uptime and Cost Efficiency**
- Significantly reduced fuel consumption and emissions through a combination of DP and Mooring configuration, Latest RamRig configuration, Tier III Power Generation, Battery Technology and Power Regeneration – **the Greenest rig on the market**
- A bespoke equipment package incorporating the newest technology – **offering a game changer in Operational, Technical and Safety Capabilities**
- Unique built-in Digitalization Technology – **reducing total Well Risk and Well Cost**
- Condition-based Monitoring gives a new real-time approach to equipment maintenance not seen on rigs before – **minimising Downtime Risk and Remedial Costs, delivering Superior Performance**



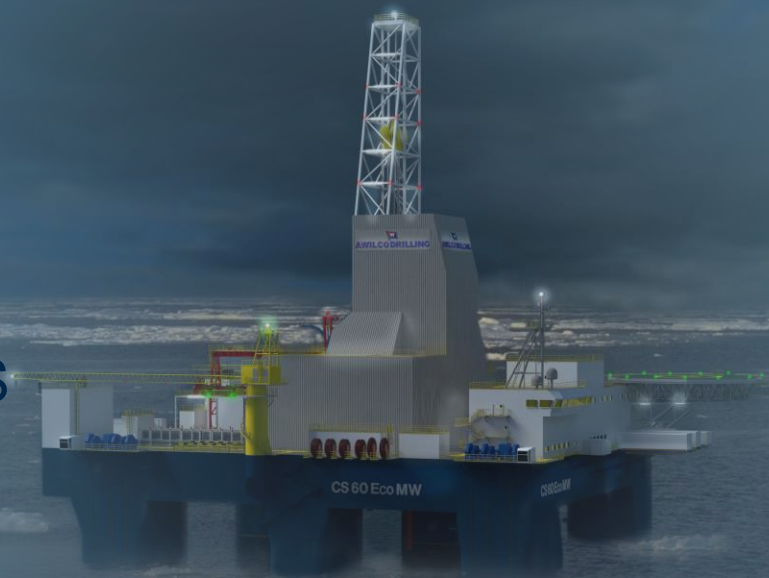


# EQUIPMENT AND PERFORMANCE DIFFERENTIATORS REDUCING NPT\* AND FLAT SPOTS

- Enhanced tripping speeds
  - *Use of Range 3 pipe*
  - *Use of latest generation RamRig*
- Enhanced drilling operations from offline stand-building and superior racking speeds
- Enhanced drilling performance through extended slip-joint capability, real-time well monitoring, and automated mud-systems
- Enhanced Riser Running through click connections and unique handling systems
- Bespoke Wireline and Coiled Tubing Handling Systems significantly
- Rig can transit with a full (32,000 ft) set back



# 1. HIGHLIGHTS





# HIGHLIGHTS

- Total Q4 Revenue USD 10.2 million, EBITDA of USD 4.6 million, Net Loss of USD 24.2 million after impairment charge of USD 25 million
- Q4 Opex average for WilPhoenix approximately USD 60 000 per day
- Total contract backlog at end of Q4 2018 was approximately USD 30.7 million



## 2. Q4 2018 AND PRELIMINARY FULL-YEAR 2018 FINANCIAL RESULTS



# Q4 2018 INCOME STATEMENT

## Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2018 (unaudited)	Full Year 2018 (unaudited)	Q4 2017 (unaudited)	Full Year 2017 (audited)
Contract revenue	10 192	55 917	33 525	130 403
Reimbursables	40	586	343	1 306
Other revenue	4	19	1	22
	<u>10 236</u>	<u>56 522</u>	<u>33 869</u>	<u>131 731</u>
Rig operating expenses	5 520	27 343	7 222	27 751
Reimbursables	15	263	137	357
General and administrative expenses	53	8 766	1 975	8 818
Depreciation	3 151	13 425	3 963	15 686
Impairment	25 000	25 000	45 000	45 000
	<u>33 739</u>	<u>74 797</u>	<u>13 297</u>	<u>97 612</u>
Operating (loss)/profit	<u>(23 503)</u>	<u>(18 275)</u>	<u>20 572</u>	<u>34 119</u>
Interest income	802	1 943	85	183
Interest expense	(0)	(4 671)	(1 800)	(5 304)
Other financial items	(466)	(167)	(186)	(191)
Net financial items	<u>336</u>	<u>(2 895)</u>	<u>(1 901)</u>	<u>(5 312)</u>
(Loss)/Profit before tax	<u>(23 167)</u>	<u>(21 170)</u>	<u>18 671</u>	<u>28 807</u>
Tax expense	<u>(1 013)</u>	<u>(1 694)</u>	<u>(809)</u>	<u>(8 140)</u>
Net (loss)/profit	<u>(24 181)</u>	<u>(22 864)</u>	<u>17 862</u>	<u>20 667</u>
Total comprehensive (loss)/income	<u>(24 181)</u>	<u>(22 864)</u>	<u>17 862</u>	<u>20 667</u>
Attributable to shareholders of the parent	(24 181)	(22 864)	17 862	20 667
Basic and diluted earnings per share	(0,49)	(0,52)	0,59	0,69



# Q4 2018 BALANCE SHEET

## Condensed statement of financial position

in USD thousands

	31.12.2018 (unaudited)	31.12.2017 (audited)
Rigs, machinery and equipment	186 761	178 808
Deferred tax asset	461	1 372
	<u>187 222</u>	<u>180 180</u>
Trade and other receivables	9 075	17 168
Prepayments and accrued revenue	2 862	6 905
Inventory	4 809	4 809
Cash and cash equivalents	63 865	119 286
Current tax	340	3 551
	<u>80 951</u>	<u>151 719</u>
Total assets	<u>268 173</u>	<u>331 899</u>
Paid in capital	198 719	130 142
Retained earnings	62 671	101 068
	<u>261 390</u>	<u>231 210</u>
Long-term interest-bearing debt	-	80 000
	<u>-</u>	<u>80 000</u>
Current portion of long-term debt	-	10 000
Trade and other creditors	1 213	1 170
Accruals and provisions	5 504	9 519
Current tax payable	66	0
	<u>6 783</u>	<u>20 689</u>
Total equity and liabilities	<u>268 173</u>	<u>331 899</u>



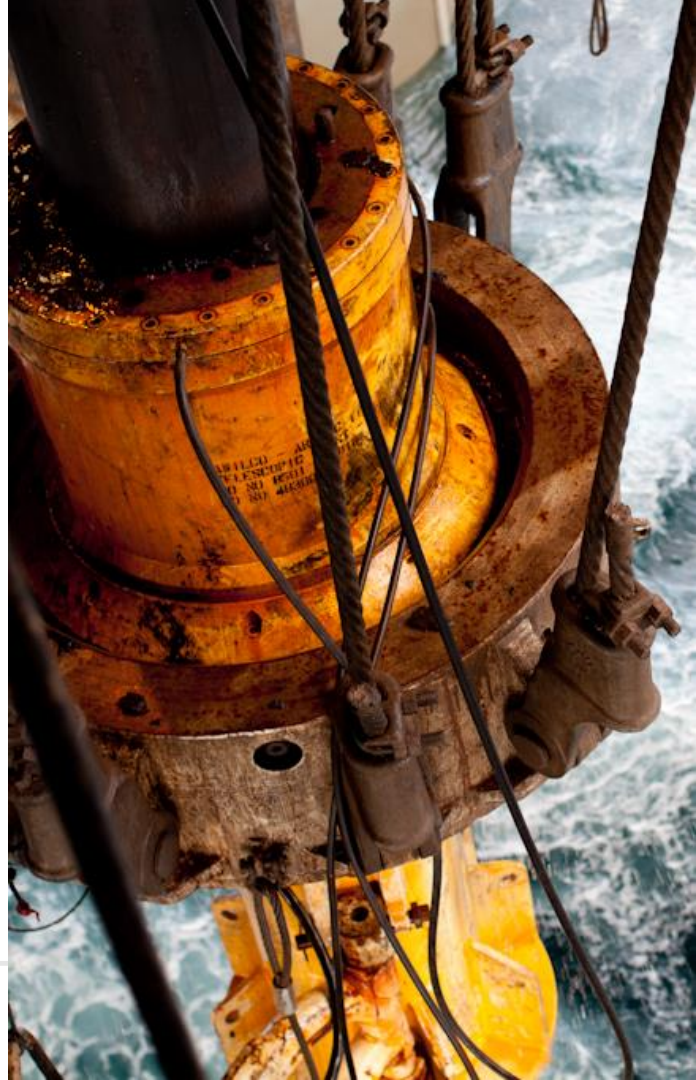
### 3. OPERATIONAL UPDATE





# WILPHOENIX CONTRACTED UNTIL AT LEAST SEPTEMBER 2019

- Operational uptime was 99.7% in Q4 2018
- 19 firm P&A wells and 10 options for P&A and exploration drilling wells
- Contract dayrate USD 116,200 per day, changing to market-indexed rate at 600 day point



# NEWBUILD UPDATE

- Rig Build on schedule and on budget
- “First Steel” was mid-November 2018
- Newbuild project – site team in place
- Marketing activities towards NCS oil companies ongoing
- Building a Norwegian Drilling organisation



The **best rigs** deserve the **best team**, come join us!

Awilco Drilling has ordered a Moss Maritime C560 ECO MW semi-submersible drilling rig from Keppel FELS, Singapore, with options for three further sister rigs. This is a bespoke mid-water drilling rig, designed to operate in the harshest of environments and future proofed with the most advanced technology ever seen offshore. The rig's unique design will ensure safer operations, will deliver higher drilling efficiency and will generate the lowest environmental footprint as compared to peers. The rig can operate globally, but is specifically targeted for work on the Norwegian Continental Shelf, including the Barents Sea, and will be delivered in Q1 2021.

Awilco Drilling is now looking for key people who want to join us in developing the most modern drilling organisation in the North Sea, to market and operate these rigs. You will appreciate and understand the benefits of our new technology, will help us develop synergies together with the operator community and will develop collaborative rig solutions for the Harsh Environment drilling market. Based in Stavanger or Bergen, you share our entrepreneurial spirit and will be an energetic team builder.

For further information, please contact our advisors in Belienso Executive:  
Jan Fredrik Eriksen, phone: +47 92 42 43 91, Ole Torbjørn Møy, Phone: +47 92 88 33 11, or Tove Presterud, Phone: +47 90 69 21 54.

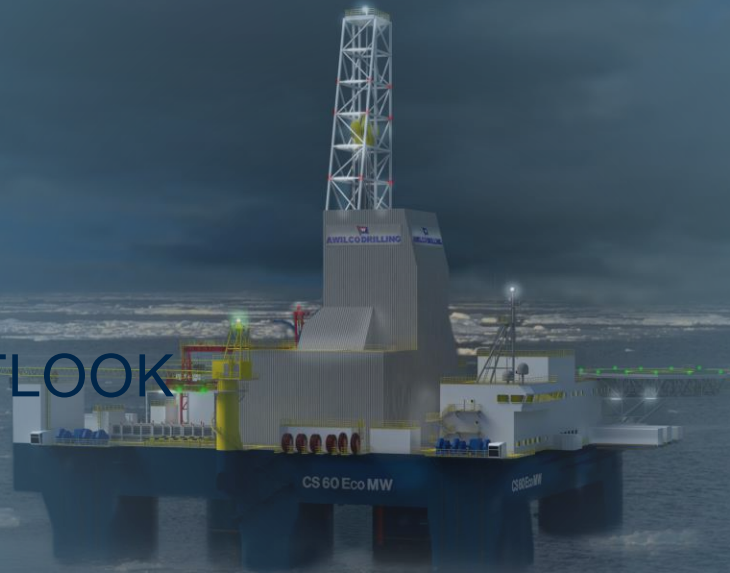
Please send your application and CV to [otm@belienso.com](mailto:otm@belienso.com).



Awilco Drilling was established in 2010. In addition to its newbuild program, the Company owns and operates two UK compliant 3rd generation semi-submersible drilling rigs, the WiPhoenix and the WiHunter. WiPhoenix is currently on contract with Shell UK. Awilco Drilling is committed to continuing best in class operational performance, building on the qualities and long-term focus of its founder and largest shareholder Awilhelmsen.

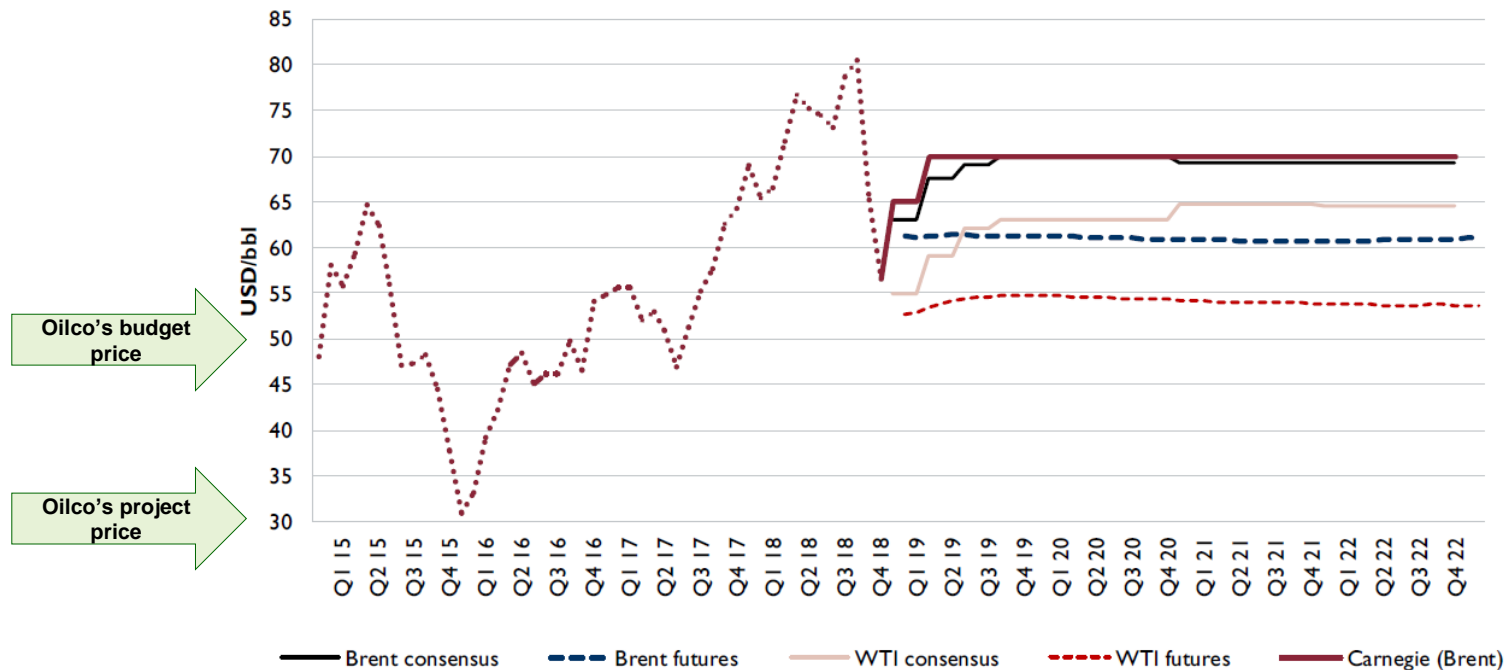
[www.awilcodrilling.no](http://www.awilcodrilling.no)

## 4. MARKET OUTLOOK



# CRUDE PRICING REMAINS INVESTMENT SUPPORTIVE

Oil price estimates

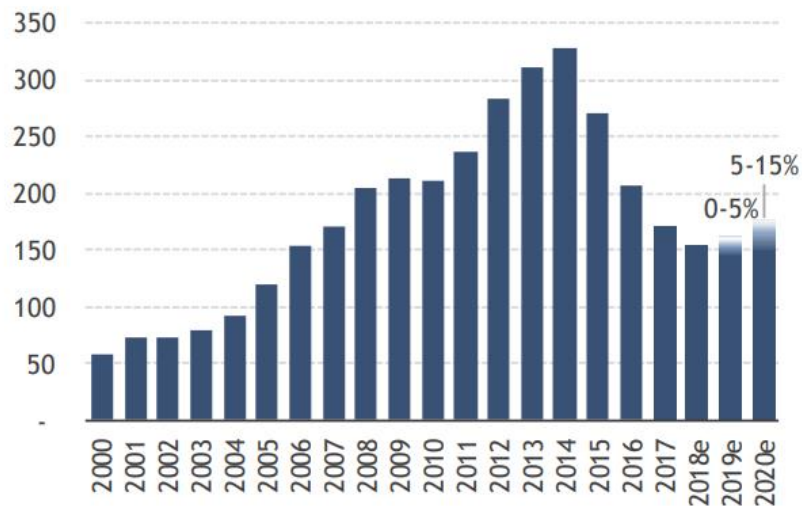




# STRONG CASH FLOW PROJECTIONS UNDERPINNING INCREASED E&P SPENDING

## E&P spending outlook reiterated - 0-5% in 2019

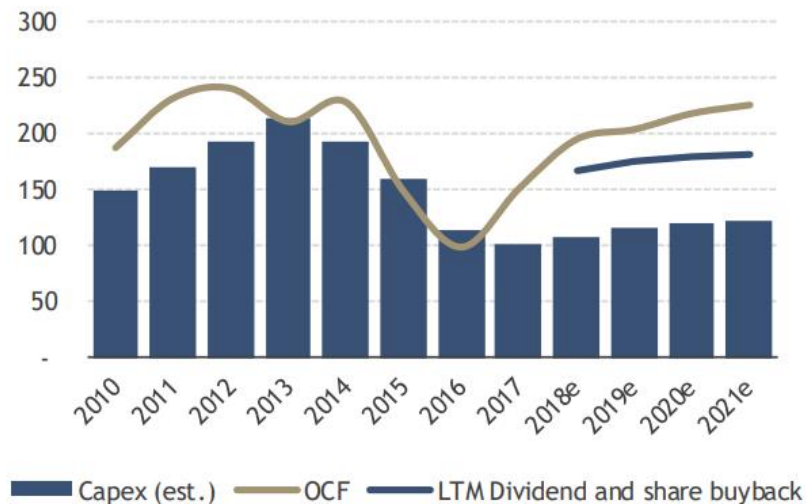
Global offshore E&P spending (USDbn)



Source: Arctic Securities research, Company data, Rystad Energy

## Strong cash flow projections bodes well for services

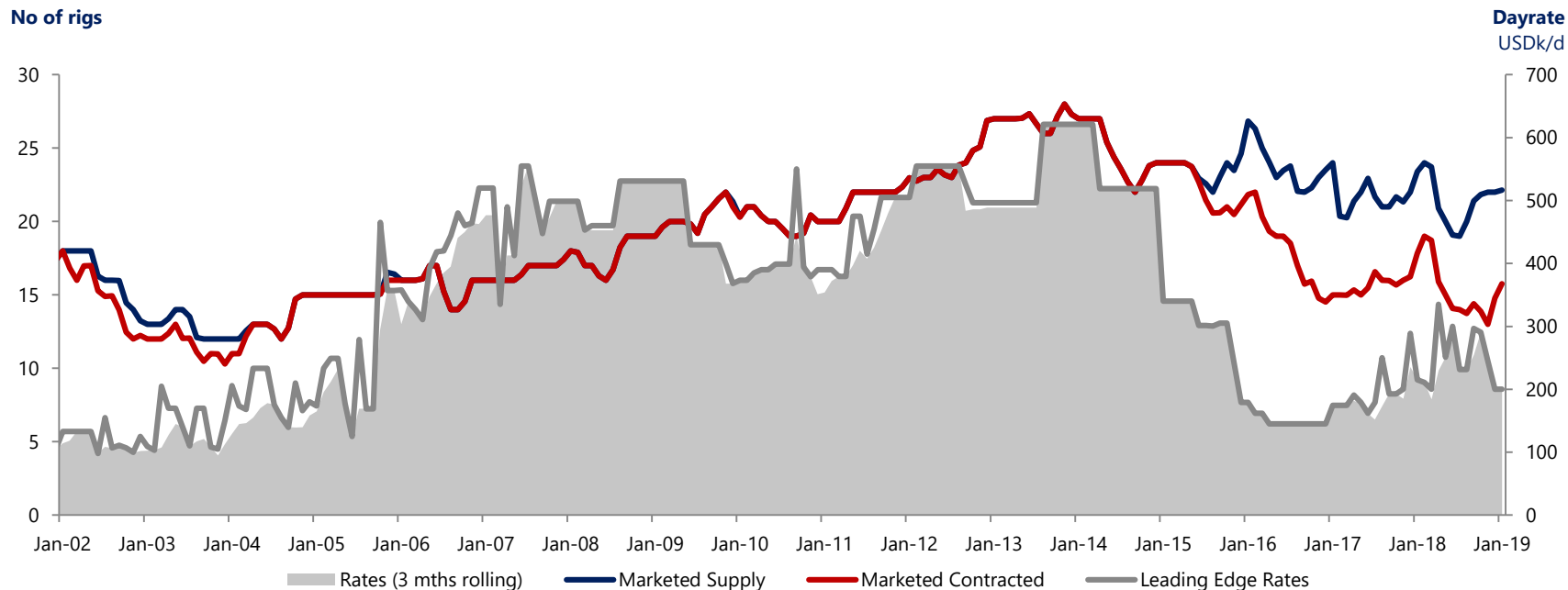
Major offshore spending (USDbn)



Source: Arctic Securities research, Company data, Bloomberg



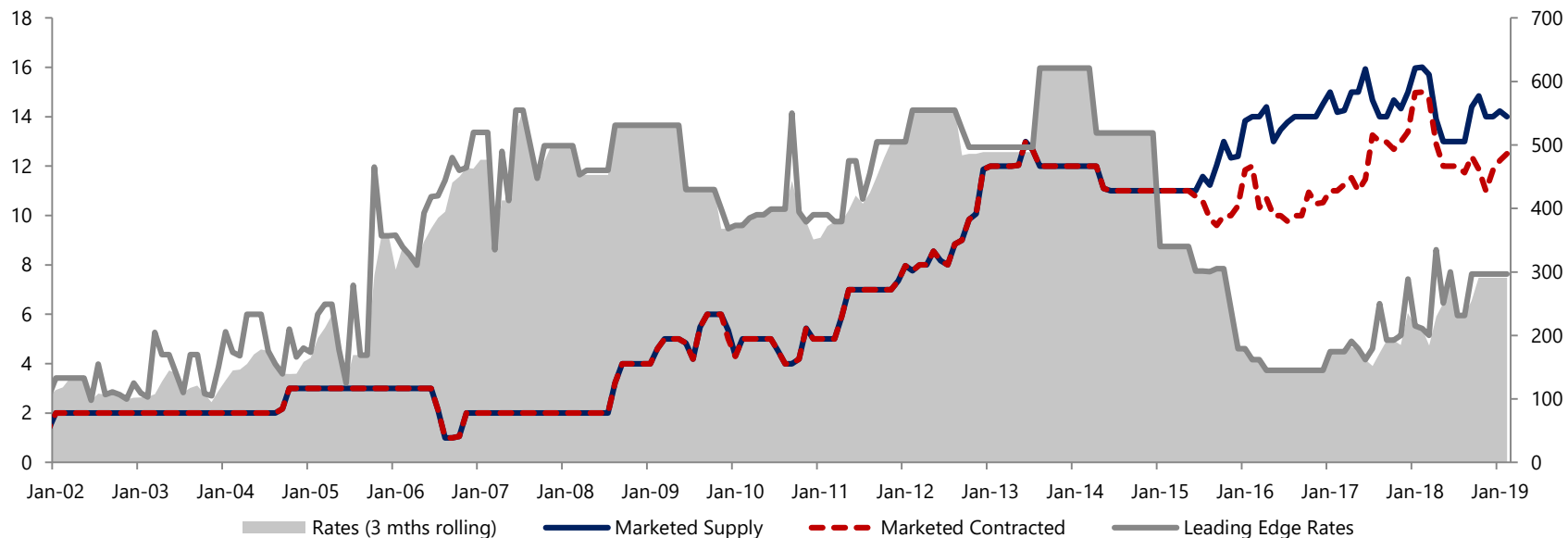
# TOTAL NORWEGIAN SEMI-SUBMERSIBLE MARKET



# NORWEGIAN MARKET – MODERN RIGS

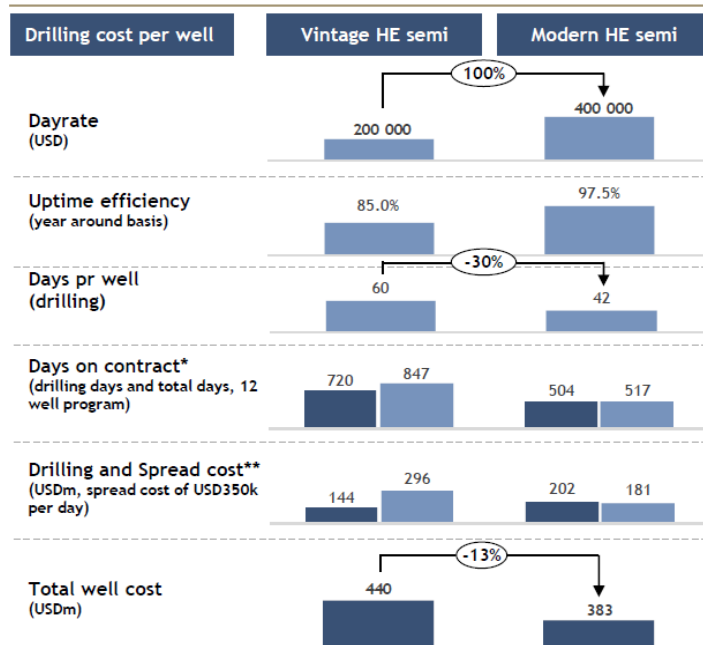
No of rigs

Dayrate  
USDk/d



# WHY MODERN HE SEMIS ARE PREFERRED OVER VINTAGE RIGS

## Efficiency: Illustration of potential cost savings



## Other reasons why E&P's prefer a modern unit

Deck capacity	<ul style="list-style-type: none"> <li>Better logistics on deck which has a significant efficiency gain</li> <li>Less dependent on supply vessels, reducing the spread cost</li> </ul>
Motions	<ul style="list-style-type: none"> <li>Significant better rig motion characteristics ensuring optimized uptime</li> <li>Ability to operate in all locations worldwide</li> </ul>
Winterization	<ul style="list-style-type: none"> <li>Capability to work year-around in the Barents Sea</li> <li>Few rigs can operate year around in the Barents Sea</li> </ul>
Digitalization/Integration	<ul style="list-style-type: none"> <li>Infrastructure, software and sensors allowing oil service company (i.e. SLB or BHGE) to link their system to the rig</li> <li>AutoDrill capability allowing real time downhole information</li> </ul>

Source: Arctic Securities

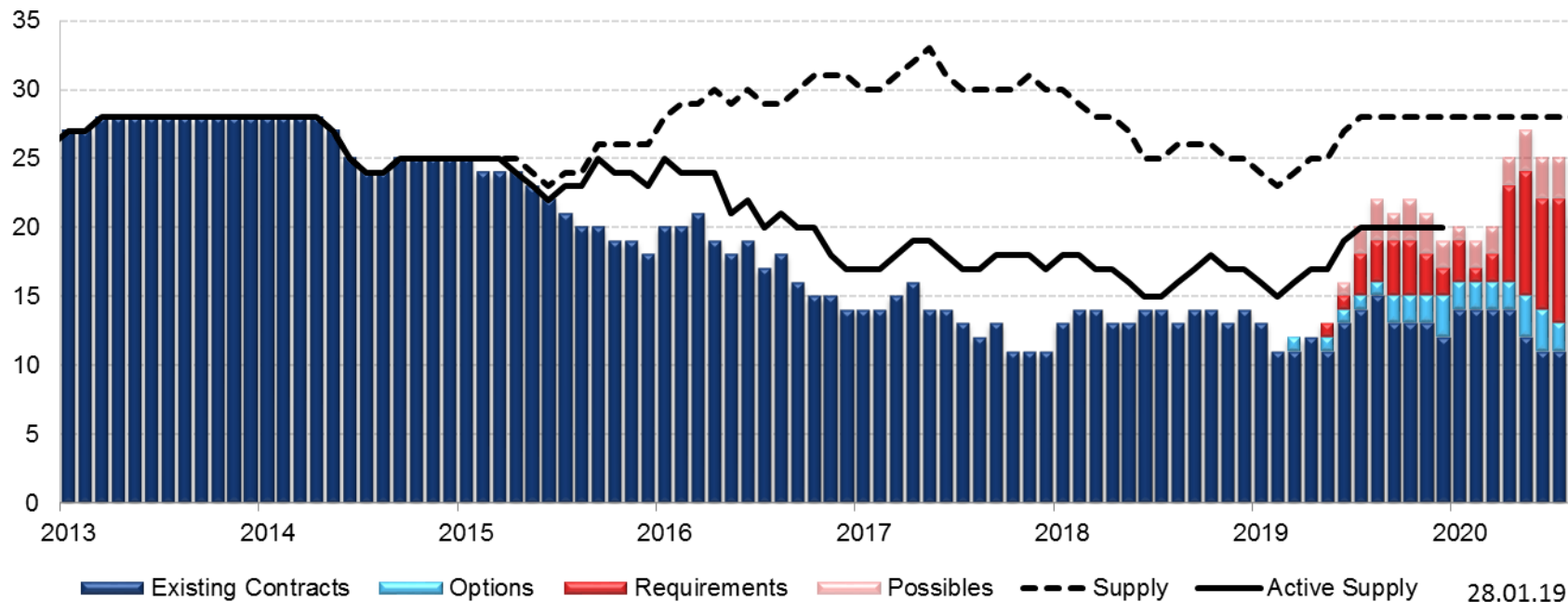
\*Total days includes downtime when applying uptime efficiency

\*\*The drilling cost to E&Ps for vintage HE semi will in reality be higher as they historically have paid for waiting on weather which is a significant part of the lower uptime vs a modern semi





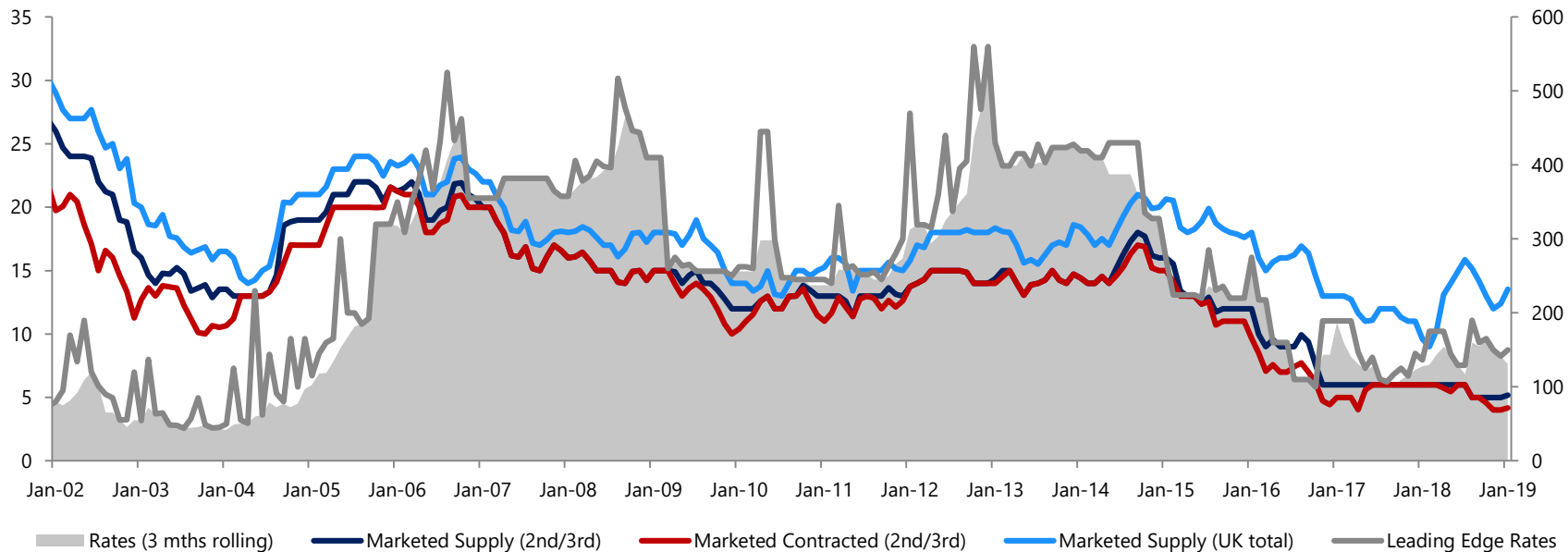
# CONTRACT STATUS & EXPECTED DEMAND FLOATING DRILLING UNITS – NCS<sup>1</sup>



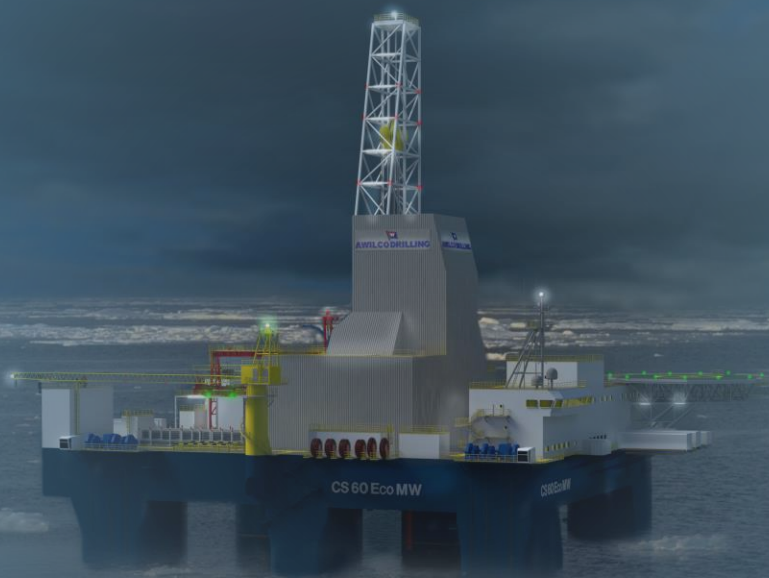
# UK MARKET

No of rigs

Dayrate  
USDk/d



### 3. SUMMARY

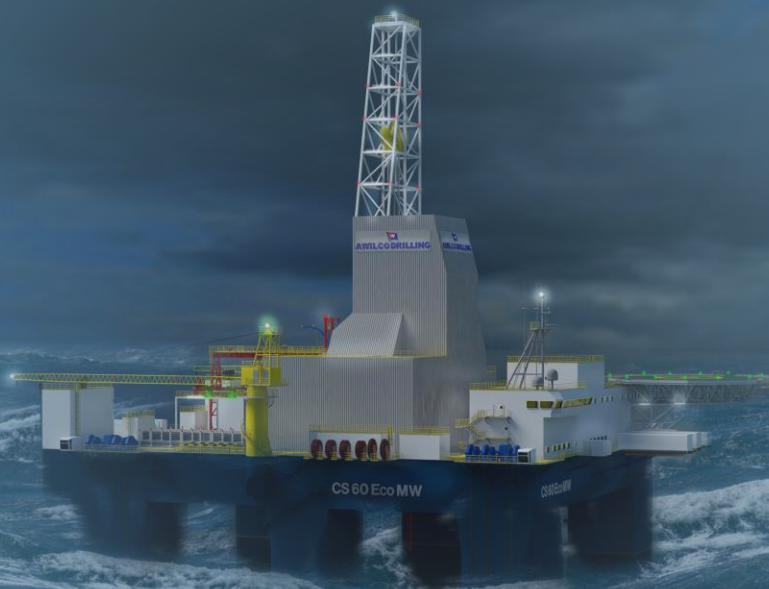


## *“WE HAVE ALL THE TIME IN THE WORLD”*

- The Awilco Drilling CS60 ECO rig design will prove itself as a Harsh Environment mid-water game changer
- New rig build on schedule and budget
- Optionality and Flexibility in both new rig financing and contract timing
- Establishing a Norwegian organisation and engaging with NCS customers
- WilPhoenix contracted to Shell for 19 firm wells + 10 option wells
- The market is improving



Q&A



**AWILCO DRILLING**